

84TH CONGRESS  
2D SESSION

# S. 3199

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 1956

Mr. PAYNE (for himself, Mr. BEALL, Mr. BENDER, Mr. BENNETT, Mr. BUSH, Mr. BUTLER, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CURTIS, Mr. DIRKSEN, Mr. FLANDERS, Mr. HRUSKA, Mr. IVES, Mr. LANGER, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MARTIN of Pennsylvania, Mr. SALTONSTALL, Mr. SMITH of New Jersey, Mrs. SMITH of Maine, Mr. THYE, and Mr. WELKER) introduced the following bill; which was read twice and referred to the Committee on Government Operations

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## A BILL

To improve governmental budgeting and accounting methods and procedures, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 AMENDMENTS TO THE BUDGET AND ACCOUNTING ACT, 1921

4 SECTION 1. (a) Section 213 of the Budget and Account-  
5 ing Act, 1921, as amended (31 U. S. C. 21), is amended by  
6 adding at the end thereof the following: "The Director shall  
7 utilize information obtained under this section, among other  
8 purposes, to prepare comprehensive reports, other than purely  
9 fiscal reports, showing the financial results of the activities of

1 the departments and establishments. Such reports shall be  
2 prepared on a fiscal year basis, or at such shorter intervals  
3 as the Director may deem practicable, and shall be trans-  
4 mitted to the President and to the Congress."

5 (b) Section 216 of such Act, as amended (31 U. S. C.  
6 24), is amended to read as follows:

7 "SEC. 216. (a) For purposes of administration and oper-  
8 ation, cost-based budgets shall be used by all departments  
9 and establishments and their subordinate units. Fund allo-  
10 cations within the departments and establishments shall be  
11 made on the basis of such cost budgets.

12 "(b) Subordinate operating units within a department  
13 or establishment shall submit quarterly performance reports  
14 to the head of such department or establishment, and the  
15 head of each department or establishment shall submit a re-  
16 port to the bureau, not later than September 30 of each year,  
17 on the conduct of its operations in the preceding fiscal year.  
18 The bureau shall, on the basis of such reports, submit an  
19 annual performance report to the President for all the de-  
20 partments and establishments.

21 "(c) Requests for regular, supplemental, or deficiency  
22 appropriations which are submitted to the bureau by the  
23 head of any department or establishment shall be prepared  
24 on a cost basis and shall include such data and be submit-

1 ted in such manner as the President may determine in ac-  
2 cordance with the provisions of section 201 of this Act.

3 “(d) The Budget, required by section 201 of this Act to  
4 be transmitted to the Congress, shall contain information on  
5 program costs and accomplishments, and a review of per-  
6 formance by organizational units whenever such units do not  
7 coincide with performance budget classifications.”

8 (c) Title II of such Act, as amended, is amended by  
9 adding at the end thereof a new section as follows:

10 “SEC. 218. The director, under such rules and regula-  
11 tions as the President may prescribe, shall designate and  
12 assign qualified personnel of the bureau to serve in the prin-  
13 cipal departments and establishments, as determined by the  
14 President, for the purpose of maintaining a continuous re-  
15 view by the bureau of budget preparation and administra-  
16 tion within any such department or establishment, and to  
17 further assist the bureau in carrying out its managerial func-  
18 tions and responsibilities. Not more than two persons for  
19 each principal subdivision of a department or establishment  
20 shall be assigned by the director to any one department or  
21 establishment, and, insofar as practicable, persons so as-  
22 signed to any department or establishment shall possess the  
23 combined skills of the statistician, cost accountant, adminis-  
24 trative expert, and program analyst. No such person shall

1 be so assigned to any department or establishment for more  
2 than two consecutive years.”

3 AMENDMENTS TO THE BUDGET AND ACCOUNTING

4 PROCEDURES ACT OF 1950

5 SEC. 2. (a) Section 104 of the Budget and Accounting  
6 Procedures Act of 1950 (31 U. S. C. 18a) is amended  
7 by adding at the end thereof a new sentence as follows:  
8 “Each executive agency of the Government shall, under  
9 the general supervision of the Director of the Bureau of the  
10 Budget, take whatever action may be necessary to achieve,  
11 insofar as is possible, consistency in its organizational  
12 structure, budget classifications, and accounting systems.”

13 (b) Section 113 of such Act (31 U. S. C. 66a) is  
14 amended by adding at the end thereof the following new  
15 subsection:

16 “(c) As soon as practicable after the date of enactment  
17 of this subsection, the head of each executive agency shall,  
18 in accordance with standards prescribed by the Comptroller  
19 General, cause the accounts of such agency to be maintained  
20 on an accrual basis to show currently, completely, and  
21 clearly the resources, liabilities, and costs of operations of  
22 such agency with a view to facilitating the preparation of  
23 cost-based budgets and agency reports as required by section  
24 216 of the Budget and Accounting Act, 1921. The account-

1 ing system required by this subsection shall include adequate  
2 monetary property accounting records as an integral part  
3 of the system.”

4 (c) Such Act is further amended by adding after  
5 section 119 thereof the following new sections:

6 “STAFF OFFICE OF ACCOUNTING

7 “SEC. 120. (a) There is hereby established in the  
8 Bureau of the Budget, under the supervision of the Director  
9 thereof, a Staff Office of Accounting, the head of which shall  
10 be the Assistant Director of Accounting, to be appointed by  
11 the President, and to receive compensation at the rate of  
12 \$ per annum.

13 “(b) It shall be the duty of the Assistant Director for  
14 Accounting—

15 “(1) to develop and promulgate an overall plan  
16 for accounting and reporting by the various executive  
17 agencies which is consistent with the principles, stand-  
18 ards, and related requirements prescribed by the Comp-  
19 troller General of the United States pursuant to section  
20 112 of this part;

21 “(2) to expedite, guide, and assist in the introduc-  
22 tion of modern accounting methods in the executive  
23 agencies which are consistent with such overall plan;

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1           “(3) to set reasonable and definite schedules for  
2           the performance of the functions of such agencies and  
3           to watch and report on their progress;

4           “(4) to stimulate the building of competent ac-  
5           counting and auditing organizations in such agencies  
6           and to assist actively in the selection, training, and  
7           retention of capable personnel; and

8           “(5) to report to the Director of the Bureau of  
9           the Budget at least once each year, and at such other  
10          times as the Director may require, with respect to the  
11          status of accounting in each of the executive agencies.

12           “COMPTROLLERS FOR EXECUTIVE AGENCIES

13          “SEC. 121. (a) The head of each executive agency is  
14          authorized and directed, with the advice of the Assistant  
15          Director for Accounting, to provide for the appointment of  
16          a Comptroller who shall be directly responsible to him, and  
17          who shall have the following functions and duties—

18               “(1) to supervise and direct the setting up and  
19               maintenance in such agency of adequate accounting and  
20               auditing systems and procedures in conformity with the  
21               overall plan prescribed by the Assistant Director for  
22               Accounting pursuant to section 120 hereof;

23               “(2) to direct the recruitment, training, and  
24               development of qualified accounting personnel for such  
25               agency;

1           “(3) to develop and be responsible for reliable and  
2     informative financial reports for internal management  
3     purposes and for submission to the Congress and the  
4     various executive agencies;

5           “(4) to interpret and advise upon significant as-  
6     pects of the financial reports of the agency; and

7           “(5) to direct the preparation of budgets at oper-  
8     ating levels for the information of the head of the  
9     agency or other officials responsible for budget policies  
10    in such agency, and to review the execution of such  
11    budgets.”

12           SIMPLIFICATION OF ALLOTMENT SYSTEM FOR

13                   ALLOCATING FUNDS

14     SEC. 3. It is the intent of the Congress that each  
15    executive agency, as defined in section 118 of the Budget  
16    and Accounting Procedures Act of 1950, shall take what-  
17    ever steps are necessary to simplify the allotment system  
18    for allocating funds to operating units within such agency,  
19    and in making such simplification each agency shall work  
20    toward the objective of financing each operating unit, at  
21    the highest practical level, from not more than one allot-  
22    ment for each appropriation affecting such unit.

23                   SINGLE AGENCY ACCOUNTS

24     SEC. 4. (a) Each executive agency, as defined in  
25    section 118 of the Budget and Accounting Procedures

1 Act of 1950, shall, in accordance with principles and stand-  
2 ards prescribed by the Comptroller General, maintain a  
3 single account under each appropriation title or fund.

4 (b) This section shall take effect on the first day of the  
5 first fiscal year commencing after the date of enactment of  
6 this Act.

7 JOINT STUDY BY BUREAU OF BUDGET AND GENERAL  
8 ACCOUNTING OFFICE

9 SEC. 5. (a) The Director of the Bureau of the Budget  
10 and the Comptroller General shall jointly undertake a study  
11 and investigation to determine—

12 (1) what steps can be taken to eliminate (A)  
13 duplicate accounts within the Treasury Department, and  
14 (B) duplicate accounting as between the Treasury De-  
15 partment and the other departments and agencies of the  
16 Government; and

17 (2) the adequacy of internal auditing in the execu-  
18 tive departments and agencies of the Government.

19 (b) The Director of the Bureau of the Budget and the  
20 Comptroller General shall report the results of their study  
21 and investigation together with such recommendations as  
22 they deem appropriate, to the Congress not later than two  
23 years after the date of enactment of this Act.



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